



Department of Justice



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FINANCIAL FRAUD ENFORCEMENT TASK FORCE ANNOUNCES REGIONAL RESULTS OF "OPERATION STOLEN DREAMS" TARGETING MORTGAGE FRAUDSTERS

ALBANY, NEW YORK – Following an announcement yesterday by Attorney General Eric Holder in Washington, DC, representatives of the Financial Fraud Enforcement Task Force in the Northern District of New York, including U.S. Attorney Richard S. Hartunian, announced the regional results of the nationwide takedown, Operation Stolen Dreams, which targeted mortgage fraudsters in the Northern District of New York and throughout the country and is the largest collective enforcement effort ever brought to bear in confronting mortgage fraud.

The sweep was organized by President Obama's interagency Financial Fraud Enforcement Task Force, which was established to lead an aggressive, coordinated and proactive effort to investigate and prosecute financial crimes. Starting on March 1, to date Operation Stolen Dreams has involved 1,215 criminal defendants nationwide, including 485 arrests, who are allegedly responsible for more than \$2.3 billion in losses. Additionally, to date the operation has resulted in 191 civil enforcement actions which have resulted in the recovery of more than \$147 million.

"Mortgage fraud ruins lives, destroys families and devastates whole communities, so attacking the problem from every possible direction is vital," said Attorney General Holder. "We will use every tool available to investigate, prosecute, and prevent mortgage fraud, and we will not rest until anyone preying on vulnerable American homeowners is brought to justice."

"We will continue to work closely with our partners in federal, state and local law enforcement to battle mortgage fraud throughout the Northern District of New York," said United States Attorney Hartunian. "The cases announced today are only the latest examples of our ongoing commitment to aggressively combat the scourge of such conduct and its effects on our housing market, our financing institutions, and our local economy. We are pleased to work locally with a number of investigative agencies, including the Federal Bureau of Investigation, the Criminal Investigation Division of the Internal Revenue Service, and the Office of the Inspector General of the U.S. Department of Housing and Urban Development, to address these important cases."

Unlike previous mortgage fraud sweeps, Operation Stolen Dreams focused not only on federal criminal cases, but also on civil enforcement, **recovering money for** victims and increasing cooperation with state and local partners.

The President's Financial Fraud Enforcement Task Force includes representatives from a broad range of federal agencies, regulatory authorities, inspectors general, and state and local law enforcement who, working together, bring to bear a powerful array of criminal and civil enforcement resources. The task force is working to improve efforts across the federal executive branch, and with state and local partners, to investigate and prosecute significant financial crimes, ensure just and effective punishment for those who perpetrate financial crimes, combat discrimination in the lending and financial markets, and recover proceeds for victims of financial crimes. For more information on the task force, visit StopFraud.gov.

Operation Stolen Dreams cases in the Northern District of New York included:

United States vs. Cassadei, et al.

Four defendants -- Michael Cassadei, Elmer "Joe" McIndoo, Mary J. Fox Ianniello and Karen Hewitt -- pled guilty and are pending sentencing in July and August 2010 for their involvement in a fraud scheme in which Cassadei, the owner and operator of AAA Allstate Appraisal Services of Schenectady, and the other defendants used fraudulent loan applications, appraisals, settlement statements, and other false statements and documents to induce banks to finance the sale of Capital Region residential properties that they did not own yet to third parties in amounts well in excess of their actual value, with the participants in the scheme using the proceeds from the loans to actually purchase the properties in much lower amounts and retaining the bulk of the funds.

United States vs. Pallozzi

Defendant Michael J. Pallozzi pled guilty and is pending sentencing on August 10, 2010 for submitting materially false information and documents to a mortgage company that falsely reflected the satisfaction of a secondary mortgage and inflated the income of the borrower to a lender in support of an application for a refinance loan for real property located in Latham, New York.

United States vs. Crowley

Defendant Michael J. Crowley was indicted yesterday, June 17, 2010, for conspiring to submit materially false information and documents to mortgage companies that falsely inflated the assets of the borrowers and enhanced the likelihood that those borrowers would receive funding. Crowley and others then disbursed those mortgage monies in a manner that was inconsistent with written statements made to the lending institutions. Crowley and others, using money that they obtained through misrepresentations, then promoted additional fraud by temporarily giving "gift" money to

prospective borrowers to enhance the likelihood that those borrowers would obtain funding.

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